

then brought forward a plan for terminating the existence of the National Bank of Austria and substituting in its place a new institution to be known as the Austro-Hungarian Bank, The proposition became law and the new institution was established for a term beginning July 1, 1878, and ending December 31, 1887. The charter was afterwards renewed for a period of ten years ending on December 31, 1897.

The new bank succeeded to all the transactions of the old and a directorate was established at Buda-Pesth and a sum of 50,000,000 florins (\$25,000,000) set aside for discounts and advances in Hungary. The bank-notes of the institution are required to be printed in both the German and Hungarian tongues and to bear the arms of the monarchy. The governor of the bank is named by the Emperor, upon the joint nomination of the finance ministers of Austria and Hungary, and the two deputy governors are chosen from the two parts of the Empire. The changes made in the provisions for the note circulation had in view the new character of the bank as a representative of the two monarchies and the purpose of the government to resume specie payments. The certificates and matured coupons of the Austrian and Hungarian debt were included among the legal securities for the covered circulation and it was provided that the two principal establishments at Vienna and Buda-Pesth might issue bills on deposits of silver coin and bullion at the rate of forty-five florins to the pound of fine silver. This provision became inoperative when the government in 1879 suspended the coinage of silver on private account.

The amount of 200,000,000 florins has been steadily adhered to as the limit of the uncovered circulation, but the rule is now followed of keeping coin and foreign gold bills to the amount of forty per cent, of the entire volume of bank-notes in the hands of the public. The difficulties caused by a rigid limit of circulation in 1873 were guarded against, upon the extension of the bank charter in 1887, by the adoption of the German system of the five per cent, tax on the circulation. The method of determination is substantially the same as in the case of the German Imperial